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August 6, 2012

Ex Parte

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

**RE: Universal Service Contribution Methodology; Universal Service
Administrative Company Request for Guidance, WC Docket No. 06-122**

Dear Ms. Dortch:

On August 2, 2012, Chris Miller and the undersigned of Verizon met with Priscilla Delgado Argeris, Legal Advisor to Commissioner Rosenworcel, regarding the above-captioned proceeding.

In the meeting, we discussed the Joint Petition of AT&T, CenturyLink, SureWest, and Verizon for Clarification or in the Alternative for Partial Reconsideration¹ of the *TelePacific Order*.² We urged the Commission to make clear that wholesale providers cannot be forced to make Universal Service Fund (USF) contributions on behalf of carrier-customers in situations where they in fact obtain a reseller certification from those customers. In particular, the Commission should make clear that wholesale providers that complied with the directions in the Form 499 Worksheet Instructions cannot be made to restate their revenues and make additional contributions to the fund if it later turns out that a reseller, for whatever reason, either should not have signed a certification or should have submitted a modified certification.

We also discussed proposals to change the reseller exemption process to require resellers to apportion facilities or services purchased from wholesale providers between services resold as telecommunications and those resold as information services. We explained that there is no existing Commission rule that prohibits a customer from accurately certifying on an entity basis

¹ Petition of AT&T, Inc., CenturyLink, SureWest Communications, and Verizon for Clarification or in the Alternative for Partial Reconsideration, *Request for Review of a Decision of the Universal Service Administrator and Emergency Petition for Stay by U.S. TelePacific d/b/a TelePacific Communications*, WC Docket No. 06-122 (June 1, 2010) ("Petition" and "Joint Petitioners").

² *Request for Review of a Decision of the Universal Service Administrator and Emergency Petition for Stay by U.S. TelePacific d/b/a TelePacific Communications*, Order, 25 FCC Rcd 4652 (2010) ("*TelePacific Order*").

that it is a reseller. In fact, the Commission's recent Notice of Proposed Rulemaking (NPRM) in this docket seeks comment on whether the Commission should adopt, for the first time, a rule that requires resellers to apportion their wholesale purchases in some fashion.³ Consequently, the Commission should, if at all, only impose an apportionment requirement by adopting a new rule in its comprehensive contribution reform proceeding.

We explained further that any requirement for resellers to apportion their wholesale purchases would require costly and time-consuming changes to ordering, billing, and reporting systems, and would increase carriers' burden of administering the contribution system. Because of those burdens, commenters on the recent NPRM uniformly opposed an apportionment approach and also observed that any new apportionment requirement would take a significant amount of time for both wholesale providers and reseller customers to implement. At a minimum, if the Commission elects to move forward with an apportionment requirement it should afford companies sufficient time to make these complicated process changes.

We also urged the Commission to reverse the *Bureau Order* that established an asymmetrical, one year limit on a contributor's ability to refile its Form 499 to revise its revenues and thereby reduce its required contributions.⁴ The one-year deadline set in the *Bureau Order* was beyond the Wireline Competition Bureau's authority and should have been the subject of notice and comment. Furthermore, the asymmetrical deadlines are arbitrary and capricious. The Commission should grant the pending applications for review of the *Bureau Order* and adopt in this proceeding a symmetrical three-year period for refiling Form 499s, whether they increase or decrease required USF contributions.

This letter is being filed electronically pursuant to Section 1.1206 of the Commission's rules. Please contact me if you have any questions.

Sincerely,



cc: Priscilla Delgado Argeris (via e-mail)

³ *Universal Service Contribution Methodology, A National Broadband Plan For Our Future*, WC Docket No. 06-122, GN Docket No. 09-51, Further Notice and Notice of Proposed Rulemaking, ¶ 170 (rel. April 30, 2012).

⁴ *Federal-State Joint Board on Universal Service*, 20 FCC Rcd 1012 (WCB 2004) ("*Bureau Order*")